

BUDGET MEETING OF MARCH 14, 2006

Mayor Etler called the meeting to order at 6:05 p.m. Municipal Clerk Kwasniewski read the following statement of compliance:

In accordance with the Open Public Meetings Act, notice of this special meeting of the Borough of Fair Lawn was published in the Record issues of March 3, 2006. Notices were also posted on the bulletin board located on the first floor of the Municipal Building and the Maurice Pine Free Public Library. Copies were mailed to The Community News and posted on the Borough of Fair Lawn Website. The notice identified the time and location of the special meeting.

PRESENT: Mayor Etler, Deputy Mayors Weinstein and McCarthy, Councilmembers Baratta and Trawinski (late).

ALSO PRESENT: Acting Manager Metzler, Municipal Clerk Kwasniewski, Attorney Kates and Chief Financial Officer Eccleston.

BUDGET REVIEW AND WRAP UP:

Acting Manager Metzler suggested reviewing the capital budget by Department and taking a consensus on each Department. CFO Eccleston would then go through the current budget.

Capital

Fire Department - \$15,000 for turn out gear and \$888,888 for an aerial truck. Mayor Etler asked if the turn out gear could be deferred. Acting Manager Metzler stated that they have taken \$28,000 for additional safety equipment out of the capital budget and put it into the current budget and reduced it to \$5,000. Any further reduction would be stretching it. Councilmember Baratta questioned the cost of the fire truck. Acting Manager Metzler stated that the department has been working with two vendors to finetune the number. This figure is good. The apparatus will be bid. Deputy Mayor McCarthy stated that at the last Fire Board meeting he discussed the thermal imaging camera. He asked if there was any possibility of getting one. Acting Manager Metzler stated the Chief is satisfied since they are having one refurbished and they will get another. If the budget process gets delayed, the number for the fire apparatus may not be good. In June a major change is coming on diesel emissions which will have an adverse effect on the bid price.

Consensus to approve both items.

Councilmember Trawinski arrived at 6:10 p.m.

Ambulance - There were no capital items requested.

Fire Prevention - \$12,242 to replace their copier.

Consensus to approve this item.

Library - \$13,200 for air handlers and \$3,000 for a CD display. Replacing the air handlers is an ongoing process. They are 40 years old.

Consensus to approve both items.

Emergency Management - \$12,000 for SCBA equipment and \$15,000 for turn out gear for Rescue Squad.

Consensus to approve both items.

Engineering Department - \$200,000 for road resurfacing and parking lots, \$150,000 for improvements to sanitary sewer system and \$150,000 for improvements to storm drain facilities.

Consensus to approve these items.

Police Department - \$10,000 for digital and audio and video recording equipment and \$14,000 for lights and holsters.

Councilmember Trawinski asked if two additional officers had been added to the operating budget. Acting Manager Metzler indicated that he had received numbers from the Chief for the cost of uniforms and physicals. If it were included in the budget, something else would have to be eliminated. Acting Manager Metzler stated the assignment of officers is the duty of the Police Chief. Mayor Etlar stated he understood that but he wanted to see the creation of a traffic division. Acting Manager Metzler stated that they have put together a traffic division. He thought it was the Chief's intention to add to that division. Councilmember Trawinski thought that with the addition of the two officers, the Department was not being shortchanged. Acting Manager Metzler reminded them that Chief is concerned about the antenna on the building. He has scheduled a presentation by Cingular that may address this concern.

Consensus to approve both items.

Recreation and Parks - \$7,000 for rubber mulch, \$16,300 for riding mowers/landscaping equipment, \$75,000 for a pavilion at Memorial Pool, \$20,000 for steel building for the camps, \$85,000 for a pickup truck, a jeep and a tractor and \$6,000 for water lines.

Deputy Mayor Weinstein stated they are applying for the Green Acres grant which will be a matching grant. They have to allocate some funds for that although they do not know the exact amount. CFO Eccelston stated that he does have a \$30,000 line item in the budget for matching grants. Deputy Mayor Weinstein stated that the most they could possibly get is \$400,000. CFO Eccelston stated they would have to add \$20,000 for the down payment to the current fund budget.

Councilmember Baratta questioned the water lines. Deputy Mayor Weinstein stated this is a less expensive way to get water to the fields.

Consensus to approve these items.

Buildings and Grounds - \$16,000 for upgrades to the doors and frames at Fire Company #2.

Consensus to approve this item.

Shade Tree - \$50,000 for tree replacement and \$140,000 for the aerial truck. The line item for trees has been reduced, but they will still be planting more trees than they are taking down. The 1994 ariel truck is the only bucket type truck that they own. They have been experiencing mechanical problems. They can just replace the motor at a cost of \$29,000, but that is not the mechanic's recommendation.

Consensus to approve both items.

Recycling - \$225,000 for a garbage truck and \$15,000 for safety equipment including reflective jackets, vests and rain gear.

Consensus to approve both items.

Sewer - \$200,000 for improvements to pumping stations.

Consensus to approve this item.

Roads - \$25,000 for a fire detection system, \$5,300 for a line stripper, \$25,000 for street signs, \$5,300 for a trailer and \$48,000 for a 3/4 ton pick up truck.

Mayor Etlar questioned why \$25,000 is included for signs in every budget. Councilmember Baratta wondered how much was spent last year. Deputy Mayor McCarthy thought it was to replace signs that are damaged. Acting Manager Metzler pointed out that when the Council changed and they priced changing five or six signs the cost was \$1500. Deputy Mayor Weinstein thought with the emphasis on pedestrian safety they may need more signs. Acting Manager Metzler added that signs will be added by Chandler Drive and 17th Street.

Mayor Etlar thought there was no reason why a truck should be corroded. They should be undercoated. Acting Manager Metzler asked if they wanted to include as a matter of policy in all specifications for vehicles that the vehicles be undercoated. Mayor Etlar thought they should be periodically inspected and if needed recoated. Acting Manager Metzler stated that annually they do an overview of each vehicle and this inspection could be added. Acting Manager Metzler indicated if they are not routinely including undercoating in their specifications for vehicles, he will have it added for the future.

Consensus to approve these items.

DPW Administration - \$ 25,000 for a fuel management system. Acting Manager Metzler

Consensus to approve these items.

Current Budget

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CFO Eccelston stated that revenue increased about 30% in 2005 which is one reason the surplus has increased. The cost of utilities and gasoline resulted in emergency appropriations for \$100,000 that must be raised in this budget. The self insurance funds have been decreasing and the appropriations to refund each of the funds has been cut the last few years resulting in a deficit last year. He has added \$293,000 to this budget so that he can cover the deficit and pending expenditures. Passaic Valley Sewer Authority expended a great deal for capital improvements so their bill increased \$221,000. Debt service has increased \$719,000.

The municipal tax rate last year was 1.072. This year Acting Manager Metzler has recommended a 21.8 tax point increase to 1.225 or a 20% increase. At the end of the year he believed they would have \$5,498,000 in surplus if they adopt the budget as presented. If they use the same ratio in 2007 budget they would have about \$2.9 million and the Acting Manager Metzler would probably recommend a 15-point tax increase. If they reduce the tax increase by five tax points, he projected that at the end of the year they would have \$4,119,000 in surplus. At the end of 2006 they would have \$1.9 million left and a projected 19 tax point increase. The surplus should grow at the same rate as the budget grows which it has not.

Acting Manager Metzler stated that he worked hard to present a budget that will stabilize taxes in the future. The shock to the residents is the spikes. He believes that this budget would allow for a tax increase between five and seven points in the future. There is money in surplus that can offset the impact of the reval. They are looking at programs but no changes have been included in this budget. He is looking at adding two new people for the Recreation Center.

Councilmember Baratta stated that she understood what they were trying to do but the increase seems too high. CFO Eccelston stated the deficits in the self insurance funds, the increase in debt service, the escalating costs of utilities, the surplus has gone down the last four years have all contributed to the increase. There is no one item that is the cause. They have been able to maintain services and programs. Operating expenses has only increased by \$18,000.

Councilmember Trawinski stated that CFO Eccelston showed a 13% reduction in revenues. He asked if that was too pessimistic but CFO Eccelston did not think so. CFO Eccelston stated that the Borough was in very good financial shape. Debt service is relatively low. Councilmember Trawinski wanted to know how much is included for the Recreation Center beside the debt service. CFO Eccelston stated \$128,000 is included for utilities and cleaning supplies.

Acting Manager Metzler indicated that the custodial people will be coming out of Buildings and Grounds so that they can transfer people from the Municipal Building as needed.

They need to get the facility to start generating revenue to offset some of the costs, but that cannot be included in this year's budget. CFO Eccelston noted that many items are under warranty for this year.

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Councilmember Trawinski asked why CFO Eccelston is increasing the appropriation for the reserve for uncollected taxes. CFO Eccelston indicated that number is his normal formula. Councilmember Trawinski stated that if they use two more points from surplus and reduce the Manager's budget to 19.8 tax points they will still be able to increase the remaining surplus, but they cannot do that with a four-point reduction in surplus. CFO Eccelston stated that he did not have a problem with two tax points. Councilmember Trawinski asked if they replenish the self insurance funds this year, will they have to do that again next year. CFO Eccelston felt that the liability self-insurance fund will be fine but he was not sure about the workers' compensation fund since there is a major case pending.

Councilmember Trawinski asked how much is in the operating budget for police cars. CFO Eccelston stated there is \$132,000 for five cars. Acting Manager Metzler stated that he would like to replace five cars which will be in the current budget. He recommended hiring the two additional police officers toward the end of the year so that they can be in the first academy class in January. They have just hired three officers.

Councilmember Trawinski asked if they were still receiving financial statement from the not for profits they contribute to. CFO Eccelston stated they were not. Councilmember Trawinski proposed that they have Acting Manager Metzler obtain financial statements from the not for profits.

Councilmember Trawinski stated that he would support introducing it but he still had not reached a decision about adopting it. Deputy Mayor McCarthy asked how the \$5.1 million surplus compared to other municipalities in Bergen County. CFO Eccelston stated that they have a higher ratio than most of the municipalities except for perhaps Ridgewood. Fair Lawn has more surplus than most of the municipalities.

Deputy Mayor McCarthy asked if they were comfortable that if this budget is introduced as presented, next year's budget will have a significant lower tax increase. CFO Eccelston was comfortable.

Councilmember Trawinski clarified that he would support introducing it with the further two point reduction that CFO Eccelston has said would work.

Deputy Mayor Weinstein stated that they started with a higher surplus than in the past 12 years. Shared services will be helpful but it will be a gradual change. Next year they should be able to work on the health insurance costs again. He asked to see the impact at 16.8 and 15.8 points.

CFO Eccelston stated that if they want to apply for extraordinary aid, they would have to introduce the budget by March 28. They have to finish no later than next week so that he can finish the final documents.

Deputy Mayor Weinstein wanted to give back to the taxpayers as much as possible. Mayor Etler wanted to use more of the surplus. He thought there were other areas that could be reduced. He will be prepared to make a recommendation next week.

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Public Comments

Harvey Rubinstein, 28 Rutgers Terrace wanted to know how much was collected from new construction. CFO Eccelston stated that he did not have the Construction Officials report but they collected \$726,000 for construction related permits. The added assessments were \$279,000.

Mr. Rubinstein wanted to know if the \$7,000 was for new mulch or replacement mulch. Acting Manager Metzler stated that it was the scheduled replacement for 23 sites.

Mr. Rubinstein asked how much the plasma cutting tool will cost. Mayor Etler replied that it was \$3,500.

Mr. Rubinstein asked if the new building would be self-insured and if the Borough would be paying the utilities. Acting Manager Metzler indicated that it would be added to the Borough's insurance through the Joint Insurance Fund and under the lease agreement the Borough would pay the utilities. CFO Eccelston added that the Borough will pay the debt service in the form of rent and the Borough will also pay the utilities.

ADJOURNMENT:

Upon motion by Deputy Mayor McCarthy and second by Councilmember Baretta, the meeting was adjourned at 7:58 p.m.

Respectfully submitted,

Joanne M. Kwasniewski, RMC/CMC/MMC
Municipal Clerk

The undersigned have read and approve the foregoing minutes.

Mayor Martin Etler

Councilmember Jeanne Baratta

Deputy Mayor Owen McCarthy

Councilmember Ed Trawinski

Deputy Mayor Steven Weinstein